October 29, 1991

Mr. Lowell P. Braxton
Associate Director, Mining
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Escalante Unit Reclamation

Dear Mr. Braxton:

This letter is written to you as a follow-up to my conversations with Mr. Holland Shepherd of your staff on October 18 and 22, 1991, concerning finalization of the reclamation plan for Hecla's Escalante Unit. Based on my understanding of the situation, there are currently two issues to be resolved with the DOGM before the reclamation plan can be submitted to the Board of Oil, Gas, and Mining. These issues are, 1) to identify form and amount of surety for the reclamation, and 2) to have all borrow area issues resolved.

We believe that the surety issue can be resolved with this letter. The remaining surety items to be addressed are extending the groundwater monitoring requirements from two years to four years and the inclusion of the five year 1.45% yearly escalation factor. We agree to the five year escalation of the surety amount. With respect to the groundwater monitoring, Hecla believes that quarterly monitoring of the wells will adequately serve to characterize the water quality. Therefore, we will agree to conduct quarterly well sampling at our established wells for four years after the impoundment is fully reclaimed.   Although the monitoring would be extended by two years, the reduction to a quarterly frequency would reduce the surety amount by $10,875 ($9,200 for groundwater monitoring, $920 for contingency, and $755 for the 5-year escalation). Subtracting this amount from the $568,000 total leaves $557,000 (rounded). Hecla proposes to fulfill the surety instrument requirements by obtaining a reclamation surety bond in the amount of $557,000. Hecla desires to have the two $90,750 Certificate of Deposits (CD's) currently held by the DOGM released as soon as possible. Therefore, we propose to obtain the surety bond now in order that the two CD's can be released.

Please let us know if this acceptable and Hecla will proceed with obtaining the surety bond.

Regarding the complete delineation of borrow areas, Hecla's consultants conducted field surveys during September to identify additional sources of borrow materials. On October 10 and 11, the consultants dug test-pits and collected samples for geotechnical testing on both BLM and Hecla land in areas near the impoundment. As soon as the geotechnical results become available, Hecla's consultant will prepare a report of their findings. Hecla should then be able to define, to the extent possible without actually removing the materials, the location and quantity of borrow materials available for the reclamation.

— OCT 16, 1991

Hecla has submitted a Plan of Operations to the Beaver River Resource Area Office of the BLM to secure the use of clay-cap and subsoil materials on BLM lands around the tailings impoundment. Once available, the geotechnical report will be submitted to the BLM as a supplement to the Plan of Operations. It is unlikely that Hecla will have approval to use the BLM land by November 15. Approval will probably not be obtained from the BLM until mid-to-late November. As discussed with Mr. Shepherd, moving the submittal date of the revised reclamation plan to December 15, 1991, and the presentation of the plan to the Board in January will allow time to resolve the remaining issues concerning the borrow areas.

Also, a paragraph will be added to the revised reclamation plan concerning incremental bond release. The paragraph will basically state the same information outlined in the September 13, 1991, letter from Mr. Larry Drew to the DOGM.

Please feel free to call me to discuss any of the issues in this letter at your convenience.

Very truly yours,

Gary R. Gamble
Environmental Engineer

GRG:csm

> REDUCE BOND BY 75% OF AMOUNT FOR RIPPING, DITCH CONSTRUCTION, & RESEEDING WHEN THESE ACTIVITIES HAVE BEEN COMPLETED

AND ···?